MAGELLAN MIDSTREAM PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per unit amounts)
(Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010
Transportation and terminals revenues	$ 155,020	$ 173,169
Product sales revenues	57,716	156,336
Affiliate management fee revenue	190	190
Total revenues	212,926	329,695
Costs and expenses:		
Operating	60,467	62,109
Product purchases	52,630	132,884
Depreciation and amortization	23,152	26,342
General and administrative	21,136	23,242
Total costs and expenses	157,385	244,577
Equity earnings	519	1,189
Operating profit	56,060	86,307
Interest expense	15,552	21,774
Interest income	(221)	(4)
Interest capitalized	(936)	(848)
Debt placement fee amortization	220	328
Other income	(82)	—
Income before provision for income taxes	41,527	65,057
Provision for income taxes	357	523
Net income	$ 41,170	$ 64,534
Allocation of net income:		
Non-controlling owners' interest	$ 29,148	$ —
Limited partners' interest	12,022	64,534
Net income	$ 41,170	$ 64,534
Basic and diluted net income per limited partner unit	$ 0.30	$ 0.60
Weighted average number of limited partner units outstanding used for basic and diluted net income per unit calculation	39,637	106,843

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING STATISTICS

	Three Months Ended March 31,	
	2009	2010
Petroleum products pipeline system:		
Transportation revenue per barrel shipped	$ 1.145	$ 1.222
Volume shipped (million barrels)	71.7	69.7
Petroleum products terminals:		
Marine terminal average storage utilized (million barrels per month)	22.5	23.8
Inland terminal throughput (million barrels)	26.0	26.1
Ammonia pipeline system:		
Volume shipped (thousand tons)	124	167

MAGELLAN MIDSTREAM PARTNERS, L.P.
OPERATING MARGIN RECONCILIATION TO OPERATING PROFIT
(Unaudited, in thousands)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010
Petroleum products pipeline system:		
Transportation and terminals revenues	$ 114,901	$ 122,915
Less: Operating expenses	43,000	42,820
Transportation and terminals margin	71,901	80,095
Product sales revenues	54,232	152,226
Less: Product purchases	51,588	130,776
Product margin	2,644	21,450
Add: Affiliate management fee revenue	190	190
Equity earnings	519	1,189
Operating margin	$ 75,254	$ 102,924
Petroleum products terminals:		
Transportation and terminals revenues	$ 37,406	$ 45,659
Less: Operating expenses	15,337	16,373
Transportation and terminals margin	22,069	29,286
Product sales revenues	3,484	4,110
Less: Product purchases	1,536	2,606
Product margin	1,948	1,504
Operating margin	$ 24,017	$ 30,790
Ammonia pipeline system:		
Transportation and terminals revenues	$ 3,229	$ 5,093
Less: Operating expenses	3,113	3,981
Operating margin	$ 116	$ 1,112
Segment operating margin	$ 99,387	$ 134,826
Add: Allocated corporate depreciation costs	961	1,065
Total operating margin	100,348	135,891
Less: Depreciation and amortization	23,152	26,342
General and administrative	21,136	23,242
Total operating profit	$ 56,060	$ 86,307

Note: Amounts may not sum to figures shown on the consolidated statement of income due to intersegment eliminations and allocated corporate depreciation costs.

MAGELLAN MIDSTREAM PARTNERS, L.P.
NET INCOME AND NET INCOME PER LIMITED PARTNER UNIT
EXCLUDING UNREALIZED NYMEX GAINS & LOSSES
(Unaudited, in thousands except per unit amounts)

	Three Months Ended March 31, 2010	
	Net Income	Net Income Per Limited Partner Unit
As reported	$ 64,534	$ 0.60
Add: Unrealized NYMEX losses associated with future physical product sales	6,780	0.07
Excluding unrealized NYMEX losses associated with future physical product sales	$ 71,314	$ 0.67

MAGELLAN MIDSTREAM PARTNERS, L.P.
DISTRIBUTABLE CASH FLOW RECONCILIATION TO NET INCOME
(Unaudited, in millions)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010	2010 Guidance
Net income	$ 41.2	$ 64.5	$ 287
Add: Depreciation and amortization [1]	23.4	26.7	110
Equity-based incentive compensation [2]	(0.3)	1.6	7
Direct charges to general partner	0.8	–	–
Asset retirements	1.3	(1.6)	2
Commodity-related adjustments [3]	13.7	0.6	(8)
Less: Maintenance capital	10.4	6.0	45
Other	(1.0)	0.6	3
Distributable cash flow [4]	$ 70.7	$ 85.2	$ 350

(1) Depreciation and amortization includes debt placement fee amortization.

(2) Because the partnership intends to satisfy vesting of units under its equity-based incentive compensation program with the issuance of limited partner units, expenses related to this program generally are deemed non-cash and added back for distributable cash flow purposes. Total equity-based incentive compensation expense for the three months ended March 31, 2009 and 2010 was $3.2 million and $5.0 million, respectively. However, the figures above include an adjustment for minimum statutory tax withholdings taxes paid by the partnership in 2009 and 2010 of $3.5 million and $3.4 million, respectively, for equity-based incentive compensation units that vested on the previous year end.

(3) Represents adjustments to the partnership's commodity-related activities to more closely follow the cash impact of settled transactions. This adjustment includes margins realized in the current quarter on the physical sales of products that were hedged using NYMEX contracts. Because these NYMEX contracts do not qualify for hedge accounting treatment, for the three months ended March 31, 2009 and 2010, $10.6 million of gains and $1.0 million of losses, respectively, were recognized in previous accounting periods when the NYMEX contracts were marked to market. The partnership adjusted these accounting profits out of its distributable cash flows in those earlier periods. Additionally, the prior year quarter and current year quarter included $3.1 million and $6.7 million, respectively, of mark-to-market losses on NYMEX contracts associated with products that will be physically sold in future periods. This adjustment also includes a $5.1 million reduction to distributable cash flow for the 2010 period to reflect a higher cost-of-goods-sold (COGS) related to the partnership's transitional product sales and purchases and linefill management activities for the Houston-to-El Paso pipeline. The COGS reflected in the income statement uses an average inventory cost approach whereas the partnership has utilized an inventory approach that more closely resembles current market prices for distributable cash flow purposes.

(4) Distributable cash flow does not include fluctuations related to working capital.